ACHIEVING EXCELLENCE 2000

A Handbook for the Improved Governance of Public Bodies

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Government of Newfoundland and Labrador
Treasury Board

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ACHIEVING EXCELLENCE 2000

PUBLIC BODY GOVERNANCE HANDBOOK

GOVERNMENT OF NEWFOUNDLAND AND LABRADOR
Treasury Board

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Forward

The many citizens who agree to serve as members of public bodies face the challenges of creating and maintaining effective organizations, dealing with complex issues and having to make difficult decisions. Public bodies conduct their work in an environment characterized by rapid change and uncertainty. Constant changes in our social and demographic conditions, in our technological environment, in the nature and scope of services demanded by citizens, and in the government's fiscal environment, continue to raise many questions about public bodies, their relationship with government, and the associated requirements for efficiencies and effectiveness.

Whether the ***mandate*** of a public body is to deliver ***services***, provide advice, develop policy or render decisions, its functioning is increasing in complexity, especially given the public's insistence upon greater ***accountability*** for public expenditures. The purpose of this ***Handbook*** is to provide an overview of some key ***governance*** responsibilities, issues and actions. It is intended as a reference and a source of information to assist those associated with public bodies, specifically those who serve on governing bodies, better understand the complex governance environment in which they operate.

Government has been diligent through much of the 1990's in focussing on the fiscal situation of the Province while preserving vital public services. Now it is important that strategies be adopted that focus not only on what we do but how we do it. It is my belief that this ***Handbook*** will lead to more effective public bodies and better future performance.

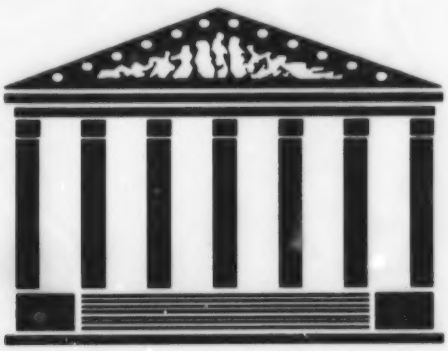
Honourable Anna Thistle
President of Treasury Board

Introduction

The governance and accountability relationships between government and its public bodies is not without its complexities. The latter has been addressed in Treasury Board's publication ***"Achieving Excellence: A Guidebook for the Improved Accountability of Public Bodies."*** This ***Governance Handbook*** is a companion document to the accountability document, designed with two main purposes. First, to help members of public bodies understand the complex relationship their entities share with government, and second, to help governing members develop clearer understandings of their role and the mandate and ***goals*** of the bodies on which they serve.

The term ***public bodies***, as used in this document, refers to government entities such as boards, agencies, commissions, foundations, panels, councils, tribunals, etc. Public bodies which have broad governance powers are a particular focus of this ***Handbook*** (e.g., Crown corporations, school and hospital boards). Although there are governance issues related to all public bodies, it is important to note that not all bodies perform governance functions. Some bodies are comprised solely of internal ***department*** appointees. Others perform specific advisory or adjudicative functions. Since they do not exercise oversight and general direction of any particular organization, they are not considered to be governing bodies.

This ***Handbook*** will not answer all questions, but it can serve as a guide and resource for governing members of public bodies as they seek to develop ***vision*** and direction and lead their entities toward agreed upon goals. For further information on matters and policies, etc., specific to particular public bodies, members may contact their chairperson or the official designated by the Minister of the affiliated government ***department***.

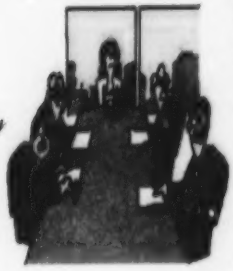


"If liberty and equality are to be found in democracy, they will be best attained when all persons alike share in government to the utmost." Aristotle.

1 GOVERNANCE

What is Governance

Governance has been defined as the exercise of ***authority***, direction and control on behalf of a public or private organization (LeClerc et. al., 1996). Governance is framed by the purpose for which an organization was created and is therefore primarily concerned with activities of the highest level, including ***planning***, goal setting, policy development and monitoring progress toward strategic ***objectives***.



Indecision may or may not be our problem.

While it is expected and understood that governing bodies will arrange for and ensure the efficient and effective ***management*** of their organizations, their focus has to be on the long-term; the organization's ***mission***, vision, ***values***, policies, goals, and objectives, and on its ultimate accountability to the people of the province in achieving its mandate.

Governance vs. Management

Governance is a much more encompassing concept than management. Management is the act, art or manner of controlling or conducting affairs (CCAF, 1996), and consists of the decisions and actions linked to an organization's performance. Effective management is concerned with how an organization attains its goals. The difference in the two functions becomes clearer when we consider the focus generally associated with each. Governance concerns itself with "what to do" while the commonly accepted focus for management is "how to do" what the body wishes done.

A common phenomenon of governing bodies is their failure to separate the governance and management functions. Unless exceptional circumstances prevail (i.e., the departure or temporary absence of a Chief Executive officer), it is important that governing bodies resist the temptation to meddle in day to day management ***activities***. Similarly, those engaged to manage the organization must be careful not to infringe on the right and responsibility of the governing body to govern. It should be noted, however, that the arbitrary designation of authorities and duties is not always possible or desirable, since the outcome can serve to create artificial and harmful separation between the ***governing body*** and the organization. A harmonious relationship is required whereby the roles and responsibilities of each are understood and respected as both work in partnership toward the success of the organization.

Independence vs. Autonomy

The terms ***independence*** and ***autonomy*** are often used synonymously to suggest a governing body's unfettered right to conduct the affairs of the organization it represents. In reality no public body is totally independent from the elected government which created it. However, many public bodies are autonomous in that they are self governing within a larger framework of governance, and exercise their decision making powers within provincial government policy and legislation.

The autonomous status of public bodies does not exempt them from being accountable to designated Ministers. It is important to understand that public bodies are instruments of public policy that have been created for that purpose by government or the Legislature. The resultant sharing of responsibility and delegation of authority makes it potentially more difficult for government to ensure that its commitments are being met and its goals are being achieved. Government's unique challenge is to be responsive to the overall provincial interest even when this interest may be at odds with particular decisions and directions of its autonomous agencies.

Appropriately designed governance and accountability frameworks can provide the necessary autonomy for public bodies to conduct their affairs while maintaining the responsible Minister's ability to ensure that government's broad fiscal and policy responsibilities are satisfactorily acquitted.

Key Ingredients of Good Governance

To govern well requires the application of foresight, knowledge, understanding, and judgement, as well as considerable trust. Good governance assumes impartiality, integrity and objectivity, welcomes accountability, accepts transparency and openness, and attempts to maximize value for money. Governing bodies can be effective when they:

- are comprised of people with the necessary knowledge, abilities, and commitment to fulfill their responsibilities;
- understand their purpose and whose interests they represent;
- understand the organization's strategic goals, objectives and ***strategies***;
- understand what constitutes reasonable information for good governance and obtain it;
- are prepared to ensure that the organization's strategic goals and objectives are met and that performance is satisfactory; and
- fulfil their accountability obligations to those whose interests they represent by reporting on their organization's performance.

2 GOVERNANCE IN THE PUBLIC SECTOR

Some of the more important participants in government include the **Crown**, Lieutenant Governor, House of Assembly, **Cabinet** and its committees (e.g., Treasury Board), legislative committees, line departments, and central agencies. Over the past couple of decades, boards, Crown corporations, agencies, tribunals, commissions, etc., have been added to a growing and complex government environment. These public bodies have played an increasingly active and important role in providing services to the public in the province of Newfoundland and Labrador. Appendix A outlines the main institutions in the democratic public governance model.

Government Delivery Mechanisms

Line departments are the principle organizational units through which government delivers its ***programs*** and services. The Executive Council **Act** establishes the various line departments and provides for Ministers who are assigned their care and management. In line departments, roles and responsibilities are well defined and it is well understood that departmental employees are accountable to designated Ministers for their actions and performance. Ministers, in turn are accountable to the Premier and the House of Assembly.

I don't suffer from stress. I'm just a carrier.

Public bodies are another mechanism through which government delivers its programs and services to the public. Public bodies now account for over fifty percent of all provincial government expenditures. These bodies are placed outside of conventional government line departments but are affiliated with them through a common responsible Minister. However, this group of entities have a different relationship to their responsible Minister. Some are equally responsible to both federal and provincial Ministers with different affiliated line departments.

The creation and extensive use of public bodies is a response to the need for government to assume new roles which require:

- independent sources of policy advice;
- objective determination of rights;
- outright government ownership and operation of businesslike undertakings;
- regulation of important sectors of the economy;

- direct and frequent interaction with the public at the local level; and
- complex daily decision making in the delivery of essential public services (e.g., education and health boards).

Governing structures of public bodies play a stronger role in an organization's policy direction and performance management than managers in the public service. Their greater level of autonomy and their arms length relationship with government are designed to:

- satisfy the legitimate interest of the public, or other designated ***stakeholders***, to have local or regional input into the delivery of key public services;
- enhance the quality of decision making affecting the delivery of services and activities;
- enable them to focus all their energies on the delivery of services and activities;
- help facilitate decision-making in an impartial environment;
- provide a flexible means of adapting structure to the particular requirements of an assigned task; and
- avail of outside sources of expertise in the decision making ***process***.

Public Bodies

There are three basic types of public bodies: deciding/advisory bodies; Crown corporations, and service delivery bodies. Unlike service delivery bodies, Crown corporations are created for commercial purposes and are generally product and profit oriented. Both types of bodies, particularly Crown corporations, are usually afforded a fair degree of autonomy and operate without the usual constraints imposed on departments. Deciding and advisory bodies are comprised of three groups, two of which serve adjudicative functions and the third an advisory/research role. Their arm's length status is related to the need for independent decision making and formulation of advice to public policy makers.

Deciding and Advisory Bodies

Deciding and advisory bodies generally do not have governing bodies assigned to them. Instead, where organizational structures exist, the chair or head of these bodies, is entrusted with both the "care and management" of the public body, under the direction of the Minister. These deciding and advisory bodies stand outside the hierarchy over which the Minister and the deputy together preside. In all other respects they are subject to identical central agency controls as line departments. Deciding and advisory bodies, generally, have no direct input into overseeing the operations of any organization which may be attached to them. Their function is purely to render decisions, adjudications or advice on specific issues placed before them.

Deciding bodies are created to perform specific functions such as the following:

- ❑ public policy / regulatory: licensing, making rules and orders, and supervising activities in a particular industry or sector of the economy;
- ❑ quasi-judicial: as in deciding tribunals which perform specialized adjudications affecting individual rights; and
- ❑ research/advisory: undertaking such tasks in areas of public significance.

Crown Corporations

Crown corporations are incorporated by special statute, or by articles of incorporation under the *Corporations Act*, to undertake tasks similar to those in the private sector. They are fully owned by the Crown in right of the province. Responsibility for their care and management is conferred on the Board of Directors or Governors, collectively, although the responsible Minister's prerogative to issue directives is usually provided for either in the legislation or articles of incorporation. Each Crown corporation is a separate employer not subject to the *Public Service Commission Act.*

Most Crown corporations are created as instruments of provincial purpose and as such their mandates extend beyond the business at hand. Their pervasive feature is managerial and operational, akin to those functions found in private sector enterprises. Their operational and capital funding may include contributions from provincial and/or federal governments.

Service Delivery Bodies

Most service delivery bodies in the province, such as school and health care boards, are also incorporated bodies as defined in the enabling legislation which created them. They can be considered to be Crown corporations, but they differ from commercial corporations in that they perform public functions with no commercial mandate. Service delivery bodies are not profit oriented and receive a majority of their capital and operational funding through grant allocations from the provincial government. Unlike members of commercial Crown corporations, members of service delivery bodies are often volunteers who receive no remuneration for their services. As incorporated entities, service delivery bodies are bestowed certain powers and assume a status similar to commercial corporations in the private and public sectors. Like commercial Crown corporations they are also usually exempt from the Public Service Commission Act. The key characteristics of service delivery bodies are that they:

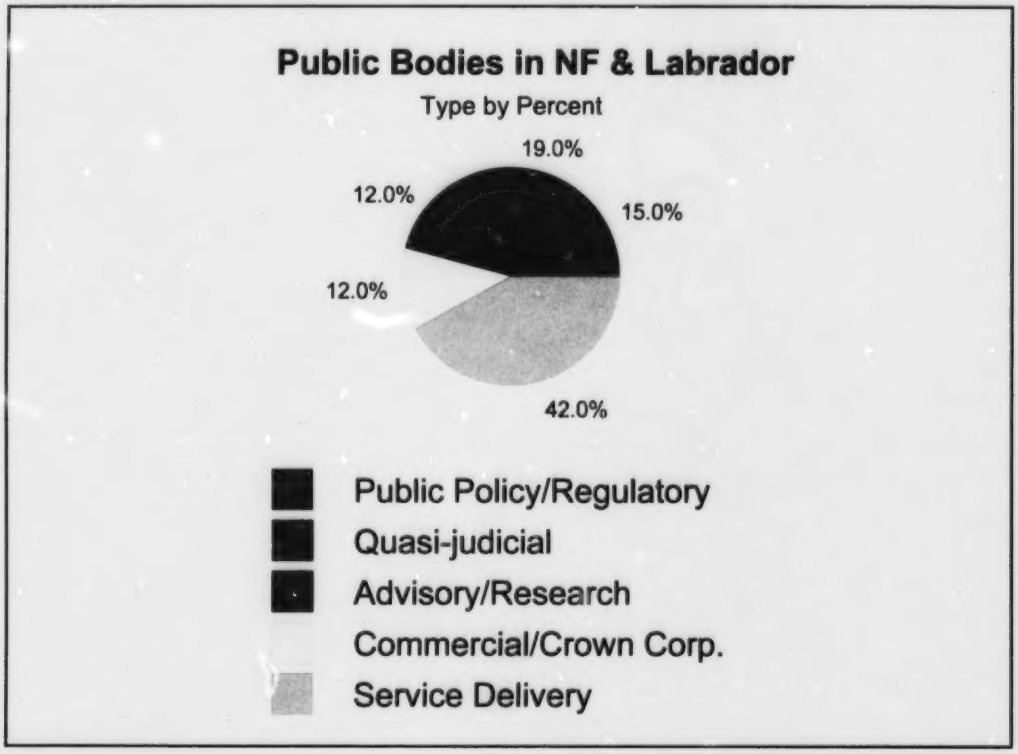
- ❑ have perpetual succession;
- ❑ may sue and be sued in their corporate name;
- ❑ may contract in their corporate name;
- ❑ may have a seal and change the seal;
- ❑ may regulate their affairs;

- have moneys and profits which are the property of the Crown, unless otherwise stated;
- may sue with respect to any tort and be sued with respect to liabilities in tort to the extent the Crown is subject pursuant to the *Proceedings Against the Crown Act*, subject to any limitations in enabling legislation; and
- may purchase liability insurance for an officer or governing body.

Public Bodies
Newfoundland and Labrador

Almost all public bodies in Newfoundland and Labrador can be grouped into five categories: public policy /regulatory (e.g., Egg Marketing Board), quasi-judicial (e.g., Human Rights Commission), advisory (e.g., Advisory Council on Occupational Health and Safety), commercial Crown corporations (e.g., Newfoundland and Labrador Hydro), service delivery bodies (e.g., school and health care boards).

Figure 1*



* Based on 1999 Data

3 GOVERNANCE INSTRUMENTS AND ROLES

A successful department and public body relationship requires that each party has a clear understanding of the other's role and that each is committed to the judicious execution of their own role. In addition, each must have a knowledge and appreciation of the interplay among the various instruments which are used in the governance process. This section identifies the key governance tools and players in the governance relationship.

Governance Instruments

Effective public body governance begins with a clear articulation of the organization's mandate accompanied by an equally clear definition of the governing body's authority. The mandate is usually provided by an Act of the Legislature, or in some instances, regulation. A governing body's authority is also normally established in enabling legislation but is further constrained and/or clarified by regulation, ministerial directive, bylaw, policy and procedure. It is through policy that the body exercises its authority and it is through policy and related procedures that it delivers on its mandate. It is important to note that approval of policy is always conducted within the context of the province's legislated framework and parameters. Figure 2 on the following page illustrates the normal relationship of the various governance instruments.

Figure 2*

- Broad direction regarding legal mandate, process and authority.

- Details regarding application and administration of the Act.

- Policy directives from the Minister as per the Minister's defined powers under the Act.

- Broad public body directions respecting legislative mandate and powers.

- Directions from the public body regarding its management and operation.

- Detailed direction approved by administration which operationalize public body policies.

* From Alberta Health

General Statutes

Public bodies are subject to enabling legislation which create them and outline their powers and duties. Public bodies are also subject to applicable general laws which provide broad powers and duties to government officials and committees (e.g., the Lieutenant-Governor in Council, Treasury Board, Ministers) that may affect the roles, responsibilities and duties of governing bodies. The specific enabling legislation will usually govern a public body where it and general laws conflict, except where the general provision is stated to override other Acts. Some general laws in Newfoundland and Labrador are detailed in Appendix B.

Key Players

As already indicated, governance in the public sector has a level of relationship complexity not encountered among private sector entities. This complexity requires that roles and responsibilities be clearly defined, so as to avoid frustrations and unhealthy tensions among the key players. Lack of articulation of roles and responsibilities weakens accountability links and reduces an organization's performance against its mandate and goals. The roles and responsibilities of various key players are outlined in the following section. The degree of application of those responsibilities for governing bodies will obviously vary depending on the size and complexity of the organization they govern.

Then there was the golfer who was sentenced to be hanged. He asked the warden if he could take a couple of practice swings.

Executive Council

As a matter of policy, generally, it is Executive Council (Cabinet) which proposes to the Legislature that a public body be created or discontinued. Except for public bodies under shared federal-provincial jurisdiction, Executive Council also determines the general terms and conditions under which a public body will operate. In addition, Executive Council, sometimes through the Lieutenant-Governor in Council, is responsible for:

- designing general government policies for communication to public bodies;
- defining the general relationships that are to exist between public bodies and government Ministers; and
- determining the composition of public body's governing structure and the terms and conditions of appointments and the appointing authority.

Treasury Board

Treasury Board acts as a committee of the Executive Council. It is responsible for matters relating to the financial management of the Province, administrative policy and personnel management in the public service and public bodies, and other matters determined by Cabinet. Although Treasury Board has no direct role in the governance of public bodies, on occasion, its actions can have a major impact on their operations. Tensions can result when a public body's plans or efforts to promote its goals and objectives are constrained by Treasury Board's fiscal management decisions taken from a "whole of government" perspective. Effective communications between Treasury Board and line departments, and Ministers/departments and their affiliated public bodies can minimize these potential conflicts and tensions.

Minister

In general, public bodies are instruments of public policy for which Ministers, individually and collectively, are responsible and accountable. In addition to the "care and management" of their departments, Ministers may, therefore, also be responsible for one or more public bodies. Ministers also usually have responsibilities pursuant to their membership on committees of Cabinet, as directed by the Premier.

Ministers' responsibilities for public bodies go well beyond responding and answering on their behalf and providing information about their activities. Ministers are accountable to the Premier and the Legislature for public body performance including their exercise of relevant continuing responsibilities, policy frameworks, resource utilization and managerial powers. This doctrine of ministerial responsibility is the underpinning of responsible government.

The Minister's responsibilities usually include, but are not limited to:

- recommending governing body appointments to the Cabinet (with some exceptions, such as School Boards);
- communicating government policies to public body heads ;
- ensuring members of public bodies are aware of, and understand, their role;
- monitoring the activities of public bodies to ensure that mandates are being achieved;
- monitoring the performance of public bodies to ensure that mandates are being complied with and not exceeded;
- reviewing and approving public body ***strategic plans***;

- submitting the public body's expenditure estimates to the House of Assembly and approving budgets;
- setting clear expectations;
- allocating the financial and other resources required by public bodies to efficiently and effectively carry out their mandates;
- defining, communicating and monitoring accountability/reporting requirements;
- exercising the powers vested in the Minister by a public body's constituting authority (i.e., enabling legislation); and
- reporting to Cabinet and the House of Assembly on the activities of public bodies.

Governance Body

The powers and duties of governing bodies are usually established through enabling legislation which determines the scope of their decision making powers and duties. All legal authority to conduct the business of an organization is vested in its governing body. The governing body is the link and buffer between the organization it governs and the organization's external environment. In the broadest sense, the role of the governing body is to provide leadership and direction to the organization. Specifically, governing bodies are responsible for:

- exercising the powers and duties vested in them by their constituting authority;
- ensuring the organization operates within the limits of its statutory and/or other relevant authorities;
- apprising the Minister of emerging, potentially sensitive, issues;
- ensuring the assets of the organization, including any public funds, are used with probity;
- ensuring that items of a potentially sensitive and/or legal nature are dealt with appropriately and expeditiously;
- exercising fiduciary responsibilities;
- ensuring that the organization's staff operate in an ethical and legal manner;

- setting the strategic goals and objectives of the organization and defining general policies and practices;
- establishing a strategic plan for the organization and recommending it to the Minister for approval;
- recommending annual budgets to the Minister for approval;
- monitoring and reporting organizational performance;
- liaising with stakeholders;
- managing risks and sensitivities;
- recommending policy to, and seeking policy direction from, government;
- participating in executive hiring where appropriate;
- evaluating the organization's Chief Executive Officer; and
- developing policy processes and approving policy.

Chairperson

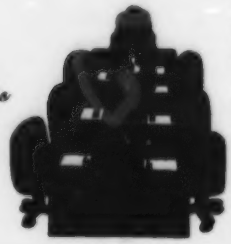
The chairperson of the governing body provides the formal link between the body, the designated Minister and the public body's key stakeholders. It is the chairperson who presides over meetings of the governing body and facilitates discussion, while not monopolizing ongoing debate. The Chairperson has no greater authority than any other member and only speaks on behalf of the governing body in accordance with its policies and By-Laws. In addition, to facilitate the overall effective functioning of the governing body, the Chairperson is usually responsible for:

- promoting cohesiveness among members;
- seeking the involvement and active participation of all members;
- developing and maintaining good relationships among the Minister, governing body, Chief Executive Officer, and other stakeholders;
- developing a culture among members focused on consensus building;
- representing the organization's views to the general public;
- communicating with the Minister;

- ensuring that new members are appropriately oriented to the organization's mandate, the governing body's role, and their responsibilities as a member;
- ensuring that the governing body operates within its statutory authority;
- ensuring that meeting minutes of the governing body are accurately and promptly recorded;
- ensuring that key and relevant organizational issues are reflected in the meeting agenda and that adequate time is provided for discussion.

Chief Executive Officer

Ideally, the Chief Executive Officer (CEO) and the governing body work together in furthering the best interest of the organization and, as such, their relationship needs to be one of mutual openness, trust and respect. Primarily, the CEO manages the day-to-day activities and guides the organization toward the strategic goals and objectives established by the governing body. However, the CEO is not simply an administrator. A CEO also has to be a visionary, strategist and problem solver, and is usually specifically responsible for:



I can please only one person per day. Today is not your day, tomorrow is not looking good either.

- monitoring and evaluating an organization's performance and initiating corrective action as necessary;
- preparing strategic and operational plans for review and approval of the governing body;
- preparing capital and operating budgets for required reviews and approvals;
- maintaining effective communication with the responsible Minister's Deputy Minister;
- implementing approved organizational policies;
- evaluating the performance of the organization's senior executive staff;
- ensuring the governing body has access to all relevant information necessary for the conduct of its business; and
- maintaining effective communication links within the organization and between the governing body, its public and other key stakeholders.

4 THE GOVERNING BODY

Authority of Members

Governing bodies have legal authority to act on matters pertaining to the public body's mandate as prescribed in enabling legislation or other authorities. All legal power to conduct the organization's affairs is usually vested in the governing body, although as a matter of practice , some of this power is delegated to organization's CEO, who in turn delegates to others. It is important to note, however, that such delegated power can be recalled or taken back at the discretion of the governing body.

The governing body, or an appropriately empowered executive committee, only has jurisdictional powers when it convenes for a regular or special meeting called by the chairperson. Individual members, including the chairperson and other officers have no individual authority or power to direct the business of the organization or its executive officers, unless they are authorized to do so by board By-Laws. The organization's employees take their direction from the decisions of the duly elected or appointed governing body. These decisions are recorded in the governing body's minutes which are legal, and usually public, documents subject to subpoena by the courts.

Expectations of Members

Members of many provincial and regional governing bodies are elected or appointed on a geographical representation basis. Although these members are expected to bring their own views and those of their constituents to the board table, it is critical they understand their obligation to represent all stakeholders and to make decisions in the best interest of the total population served. Members who fail to consider the broader context of their role, and who fail to make the necessary separation between parochialism and the broader interest, can seriously compromise a governing body's ability to deliver on its overall mandate. Generally, in performing their duties, members are obligated to:

- act honestly and in good faith with a view to the best interests of the public body, while taking into account the public policy and business objectives of the body;
- exercise the care, due diligence and skill that a reasonably prudent person would exercise in comparable circumstances;

- comply with the legislation and policy direction that establishes and governs the public body; and
- disclose conflict of interest situations relating to proposed contracts and agreements with the public body and abstain from voting on any related motions.

Liability

Public bodies can be held liable for damages for breaches of duty imposed by common law (tort), statute (crime or civil offence), and agreement (contract).

Do not expect more proof to sway my opinion.

Liabilities arising from common law and statute breaches generally pertain to a public body's special fiduciary duties to the owner, in this case the Crown. A fiduciary duty is a duty to act in the best interest of the organization. Each member is obligated to act honestly and in good faith and to exercise the care, diligence, and skill of a reasonably prudent person when conducting the business of the organization. A governing member has two fundamental fiduciary duties: care and loyalty. Failure to fulfil a fiduciary duty exposes the owner to liability for compensatory and punitive damages. The organization, its employees, and volunteers may be sued by others for things they do while working or volunteering for the public body.

Common Law Liability

The duty of care obligation is quite broad, ranging from a duty to monitor the affairs of the organization to guard against loss or injury to the public body, to a duty to attend meetings and vote on issues. Members of governing bodies must also use due diligence in supervising and periodically inquiring into the actions of officers of the organization so as to safeguard against mismanagement and non-management. Acting as agents for the Crown, incorporated public bodies are vicariously liable for the negligent and intentionally bad actions of their employees. Governing bodies and their members are generally indemnified, or insured, against any resulting common law actions, provided they have carried out their duties diligently and in good faith. In rare instances, where individual members' actions are deemed to be extreme, wilful, and outrageous, such protection may not apply.

Statute Liability

A breach of a fiduciary duty of loyalty occurs when a member of a governing body uses information gained from the organization's activities or influences decisions which would place his/her own interests ahead of those of the public body s/he serves. This is more commonly referred to as "conflict of interest." It is inevitable

that during the conduct of business, governing bodies will encounter situations whereby individual members, or their immediate family (e.g. spouse, parent, children) may stand to benefit personally from information gleaned by virtue of being a member, or by a particular decision on a given issue.

As a general rule, where a member's interest is common to that of a larger class of persons, conflict of interest does not apply. To avoid conflict of interest situations and deal with them when they occur, members are advised to:

- refrain from using information gathered as a result of their presence on a governing body, for personal gain;
- refrain from divulging confidential information derived from governing body meetings, etc., unless under a legal obligation to do so;
- inform the chairperson of a possible conflict at the earliest opportunity, and exclude themselves from further debate and from voting on pertinent issues;
- where uncertain, consult with the chairperson and resolve the issue of potential conflict before moving ahead with decisions on related matters; and
- ensure that self exclusions from related voting are recorded in the meeting minutes.

Conflict of interest situations can result in criminal charges against an individual governing body member since they represent violations of statutes (i.e., conflict of interest legislation). Unlike indemnity insurance, which provides a measure of protection for governing bodies and their members in relation to challenges regarding their "duty of care" responsibilities, no such provision protects a member for self dealing violations.

Contract Liability

Public bodies routinely enter into written contracts for the provision of goods and services. Early termination of contract, or refusal to live up to the terms and conditions outlined in an agreement can constitute breach of contract for which the organization can be held liable. Wrongful dismissal and wrongful discrimination of an employee are issues on which governing bodies can be legally challenged and ordered to pay compensatory and punitive damages.

Risk Management

Risk management is a process of identifying, analyzing and treating potential risks which, if left unaddressed, could prevent a public body from attaining its goals and objectives. Although it is impossible to eliminate all sources of potential liability, it is possible to reduce their consequences to an acceptable level by employing

various risk management techniques. Insurance policies are perhaps the most common and expensive means by which governing bodies try to protect themselves and their organizations. Other complementary forms of risk management for governing bodies and their members, include:

- providing governing members with written descriptions of the duties they are to perform;
- members keeping involved in, and abreast of, relevant issues;
- members registering dissent with decisions disagreed with;
- informing members about their legal responsibilities and liabilities, through orientation and continuing education and development programs; and
- implementing regular reviews and ***evaluations*** of the organization's operations and finances.

The CEO and the Governing Body

It is a commonly held opinion that, for official purposes, the governing body has only one employee, the CEO. Although it may be useful in some regards to view the relationship in this manner, such thinking runs counter to many of the principles embodied in the current paradigm of organizational design and development. Too much rigidity and compartmentalization of roles can prevent the type of collaborative partnership needed to increase the communication and understanding necessary between an organization's governing body and its management. On the other hand, too porous a relationship can lead to confusion as to who is responsible for what, which is ultimately detrimental to accountability relationships. The balance between the two is perhaps as much an art form, based on mutual trust, as it is science.

When two or more people row a boat, is it a partnership?

The CEO is accountable to the governing body as a whole, as opposed to individual members and/or the Chairperson. An executive officer who acquiesces to individual members, or non-duly constituted groups of the governing body, is working for both the governing body and these groups or individuals. This situation is neither acceptable nor tenable.

In supporting its CEO, a governing body must guard against straying or being enticed into operational matters, which rightly belong in the realm of the CEO and his/her staff. A governing body that finds itself preoccupied with management issues, and/or frequently rejecting its CEO's advice, must choose between changing its ways and seeking a new CEO in whom it has more confidence.

Selection of Members

Depending on the type of public body, governing members may be selected through various means. For example, directors are appointed to health care boards by the Lieutenant-Governor in Council for a fixed term and are subject to removal for just cause. Others are "at pleasure appointments" meaning members can be removed at any time by the appointing authority. In the case of school boards, members are elected by the public at large on a four-year cycle.

Accountability and the Governing Body

The relationship between government and its organizational units becomes less constrained as one moves away from the conventional departmental form. The need for effective accountability to the respective Minister, nevertheless, remains unchanged. Because of their arm's length relationship with Government, public bodies require an accountability framework which permits their autonomous functioning but ensures Ministers that their mandates are being fulfilled in an efficient and effective manner.

Despite their autonomous status, public bodies must realize that they do operate within a political milieu. This milieu sometimes requires governing bodies to work with and/or through political officials. Professional politicians are public servants elected to represent the same stakeholders as represented by public bodies. The governing body's challenge is to balance the competing demands and opportunities of working closely with those in the political realm while at the same time protecting its autonomy and decision making authority from what may be perceived as interference.

I didn't say it was your fault. I just said I was going to blame you.

Effective planning, reporting and feedback mechanisms can ensure government that public bodies comply with their mandates and are attentive to conferred performance responsibilities. These accountability components are outlined in government's publication ***"Achieving Excellence 2000: A Guidebook for the Improved Accountability of Public Bodies."***

5 GOVERNANCE ELEMENTS

The responsibilities of governing body members are determined by the legal and administrative framework within which the organization functions. Members are stewards of the organization and, as such, have the responsibility to set direction, oversee the conduct of business, monitor management, and endeavour to ensure that all major issues affecting the business and the affairs of the organization are given proper consideration. Governing bodies are also usually required to hire an organization's senior management, evaluate and support management's performance, and ensure management is changed if and when required. These decisions create a context for everyone in the organization.

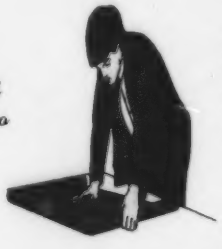
Setting Direction

One of the governing body's most difficult tasks, but important responsibilities, is the development and approval of the organization's strategic plan. To discharge this responsibility, members need a sound understanding of the organization and its existing and potential operating environments. Accurate information about relevant internal and external factors and sufficient time to deliberate are also required for the governing body to exercise its judgement. Key components of the ***strategic planning*** process are the development of an organization's vision, mission and strategies. Strategies are more likely to be revised more frequently than mission or vision, which are more enduring.

Find your aim in life, before you run out of ammunition.

Strategic Planning

The purpose of planning is to establish a process and general framework by which decisions are made about an organization's intended future **outcomes**, about how these outcomes will be accomplished, and about how progress toward achievement of the outcomes will be accomplished, measured, monitored and evaluated. The value of strategic planning lies in its systematic approach in dealing with future uncertainties. It focuses efforts and resources on long-term, general goals and strategic objectives while providing a foundation for short-term operational level activities.



Tell me what you need and I'll tell you how to get along without it.

Creating a strategic plan is a critical component of the governance and accountability process. In preparing the plan, public bodies are expected to reflect on the purpose of the organization (i.e. its mandate), examine the internal and external aspects of the environment in which it operates, assess the

strategic issues facing it, and determine the organization's future direction (i.e. strategic goals) and priorities.

There are many strategic planning models available and used by organizations. The following section outlines some of the more common elements which might be used by various public bodies in their planning process:

i) Vision mission, and values. This section provides the broadest possible description of the public body's vision of its future and sets out the principles which will guide organizational behaviour and decision-making. It describes the public body's mandate, or reason for existing, and provides a picture of a possible and desired future that the governing body intends to create. In addition, an examination and review of the organization's mandate in comparison to the scope and validity of needs it was created to address is necessary.

ii) Review of environmental factors. This section provides a comprehensive review of the internal and external factors which affect an organization's ***efficiency*** and ***effectiveness*** in delivering expected results. The internal review assesses the organization's strengths and weaknesses (e.g., events, activities, processes, strategies, policies and leadership qualities). The external review examines trends and conditions outside the organization (e.g., fiscal, demographic, social, economic, political). The factors examined in both reviews are those that can impact on the organization's operations and represent ***opportunities*** or ***challenges***.

iii) Strategic issues. Strategic issues are derived from an assessment of the organization's environment. They are opportunities, problems, trends or challenges that have the most significance to the organization's current and future performance. It is important to understand what the issues are, which if any should be addressed and how, what the implications are if they are addressed, and what the consequences are of not addressing them.

iv) Strategic goals and objectives. Goals and objectives provide the strategic direction that reflect the desired position of the organization at some future point in time. A goal is a general statement of desired results to be achieved over an unspecified period of time and should link directly to the organization's mandate, vision and mission. An objective represents commitment to significant results which can be expressed in measurable terms of both quantity and time. Strategic goals and objectives at the public body level must connect with and support those of government and its line departments.

v) Priorities and strategies. Strategies describe in broad terms what the organization is going to do to achieve its strategic goals and objectives. Strategies may be thought of as "bundles of actions" which bring the plan to life by describing ***how*** things will be made to happen. They represent the priorities of the organization and set the framework for the annual operational plan. It is

not necessary to identify all possible strategies in the strategic plan, but it is important to identify strategic priorities and major thrusts that the organization will adopt over the planning period.

vi) Performance measures. In order to achieve accountability, it is necessary to identify ***measures*** and set performance targets for each of the organization's strategic goals and objectives. Measures are yardsticks or standards used to determine progress toward achieving chosen goals and objectives. Without measures, an organization has no reliable way of knowing if or when an objective has been achieved and how much this achievement has contributed to a strategic goal. There are two types of performance measures: (1) output measures quantify how much of a service or product is produced, and that measures efficiency; and (2) outcome measures quantify the extent to which results are achieved, and that measures effectiveness.

Once a strategic plan is completed, it is necessary to assess its implications for the organization's operations and administration. This analysis should include: impacts on current operations (e.g., human resources, financial, information technology, legislation and policies); impacts on key stakeholders; risks (financial, legal, environmental, etc.); justification for moving forward with a particular initiative (e.g., potential opportunities and tangible or intangible benefits); and, where multiple options are considered, reasons for non-selection.

It is particularly important that public bodies and their affiliated line departments collaborate in their strategic planning processes to ensure that both the planning process and plans complement and enhance each other. The requirements for the extent of such collaboration is outlined in Treasury Board's document ***"Achieving Excellence 2000: A Guide for the Improved Accountability of Public Bodies."***

Values and Policy Making

All organizational activity is driven by the powerful forces of values and perspectives, regardless of whether these values and perspectives have been committed to writing. Values affect everything an organization does and form the bedrock upon which an organization is based. Values and perspectives emerge as policies which become the main characteristics of the organization.

According to the John Carver's model of governance, policies fall into the following four categories: ends; governance process; governing body - staff relationships; and CEO limitations.

Ends

These policies deal with the outcomes or results that an organization wants to achieve. The governing body's main concern is with development of these ends as opposed to the "means" or "how to" which should be left to the staff to develop and present for governing body's approval.

Governance Process

These policies establish the role of the governing body and set out the rules and limitations of individual members and the body as a whole. Issues addressed might include: leadership; member role description; annual planning processes; chairperson and committee guidelines; and member code of conduct.

Governing Body - Staff Relationships

These policies describe how the governing body wishes to delegate authority to the CEO, and through the CEO, to the staff. Staff performance and accountability are addressed through specific policies on the role of the CEO, delegation of responsibilities, general job description for the CEO, and performance monitoring.

Organizational Limitation Policies

Unclear or inappropriate ethical and operational values can lead to behaviour that results in communications breakdowns, damage to reputation, and loss of confidence in the organization on the part of stakeholders. Limitation policies outline those behaviours, activities, and actions which are considered as unacceptable **MEANS** toward agreed upon **ENDS** policies. In effect, these limitation policies comprise a code of conduct or set of parameters which tell staff, particularly the CEO, how not to conduct business.

Policy approval within each of these areas is within the direct purview of the governing body. It is the responsibility of the CEO to enact these policies through the development of operating regulations otherwise referred to as operating procedures.

Evaluating Process and Performance

Governance bodies have to be concerned about their efficiency and effectiveness in delivering the mandate which has been entrusted to them by, and for which they are accountable to, the Minister and the public they serve. Today's general public not only demands and expects that their public bodies produce results and do the right things (effectiveness), but that they do things right and get the most ***outputs*** from their ***inputs*** (efficiency). Public bodies have to demonstrate not only that they are delivering a quality service

Practice makes perfect.

within acceptable ethical standards, but also that they are fiscally responsible and prudent in doing so.

The governing body has two main means of ensuring quality service at reasonable cost; evaluation of its CEO, and assessment of itself.

Evaluation of the Chief Executive Officer

Evaluation of the CEO's and the organization's performance can be viewed as somewhat synonymous. To view it otherwise would seriously compromise the accountability relationship, since the CEO is accountable to the governing body for leading the organization and for implementing its decisions. The major context for the CEO's evaluation is provided by the approved strategic plan which outlines the organization's goals, objectives and performance targets.

In evaluating an organization's CEO, governing bodies must take care not to introduce evaluative criteria not previously agreed upon and communicated to the CEO. It is also important that the organization's values and policies be in place and fully integrated. In the absence of these prerequisites, which need to be determined and implemented by the governing body itself, CEO evaluation becomes vacuous and impossible.

Although the governing body delegates the evaluation of other senior management staff to the CEO, members need to understand both the evaluation strategies used and their outcomes. The governing body also needs to reflect on whether the management team has a satisfactory balance of skills, knowledge and leadership styles to lead the organization into the future.

Governing Body Assessment

On a periodic basis a governing body needs to assess aspects of its operations to determine its own efficiencies and effectiveness. The structure of the governing body and its committees, the flow and timeliness of information, the conduct of meetings, the agenda setting process, and the decision making and follow-up processes should be examined to determine if changes or streamlining are required. Areas identified as obstacles to efficient and effective governance should be addressed.

Control

On a periodic basis the governing body needs to assess the degree to which the organization is in control and has a reasonable chance of attaining its objectives on a sustained basis. It is important that the governing body and management know whether the organization has what is required to attain its goals, identify related issues and appreciate the risks that are inherent in various courses of action. Such an assessment needs to address the ongoing monitoring activities (i.e., risk management, strategic planning, internal inspections and audits, external communications, values and policies).

Final Comment

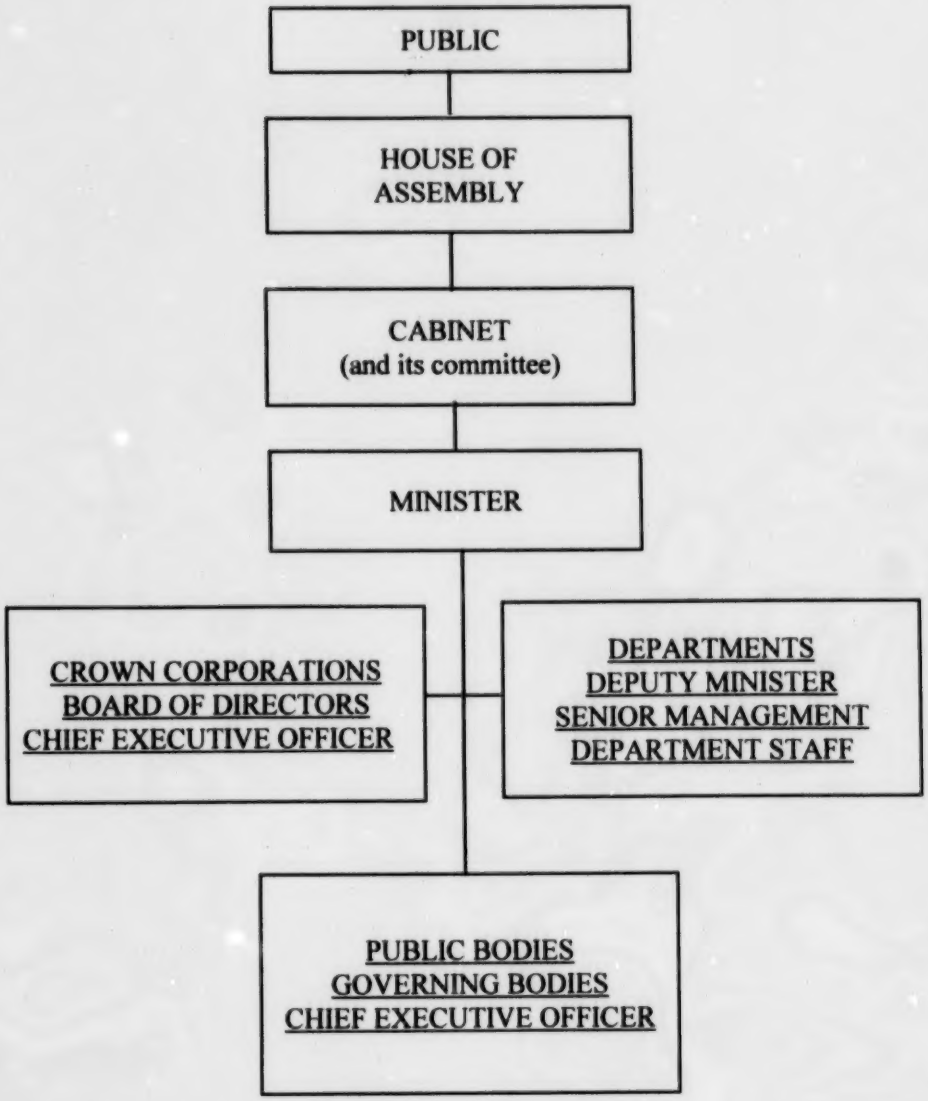
This ***Governance Handbook*** is a companion document to Treasury Board's publication ***"Achieving Excellence 2000: A Guidebook for the Improved Accountability of Public Bodies."*** Good governance and effective accountability are inextricably linked such that one is not possible without the other. Ineffective governance processes not only make it impossible for organizations to operate at peak performance but also militate against effective accountability. Poorly defined accountability mechanisms, on the other hand, seriously compromise effective governance.

This ***Handbook*** is a tool to help those who seek to serve, or who currently serve on governing bodies, more effectively fulfill their governance role and accountability obligation. Members have probably found that serving on a governing body is more complex and takes more time, effort and knowledge of a variety of issues, laws and relationships than ever imagined. All of these matters are critical aspects of the governance process which need to be understood if members are to effectively fulfill their obligations.

With a commitment to excellence, clear understanding of roles and responsibilities, and knowledge of governance and accountability processes, members will assist the public body they serve to continue to build upon the success of the past, and enhance the quality of decision making and services available to the public of Newfoundland and Labrador.

APPENDIX A

PUBLIC GOVERNANCE MODEL



APPENDIX B

GENERAL STATUTES

Archives Act

The *Archives Act* establishes the Newfoundland and Labrador Archives Committee and provides for the appointment of the Provincial Archivist and Records Management Branch. Provincial Archives is responsible for the functioning of Government's records management program and for administering the Public Records Committee which is responsible for giving disposal authority for government records. The Archives maintains an office for the safekeeping, classification, indexing and public use of all public documents, court records and other materials that have historical significance and are acquired pursuant to the Act. All public bodies are subject to the provisions of the Archives Act.

Financial Administration Act

The *Financial Administration Act* encompasses the financial administration of the Government of Newfoundland and Labrador, including powers and duties of Treasury Board, the President of Treasury Board, the Minister of Finance, and the Comptroller General. It also creates and covers matters pertaining to the Consolidated Revenue Fund with respect to appropriations, special warrants and payments. As well, the Act details requirements for the incurrence of debt and repayment of loans by the province, and sinking funds and investments. The preparation and tabling of the public accounts (financial statements) of the Province are also covered in the Act.

A public body is defined in the Act as "a board, corporation, commission or similar body, established by or under an Act to which paragraph 6(c), paragraph 7(1)(f), and paragraphs 7(2)(b) to (f), inclusive, . . . of the Act, . . . are made to apply by order of the Lieutenant-Governor in Council."

The Act permits the Lieutenant-Governor in Council, by order, to make paragraph 6(c), paragraph 7(1)(f) and paragraphs 7(2)(b) to (f) inclusive, apply to a board, corporation, commission, or similar body, established by or under an Act, named in the order. Subject to being named, the Act authorizes Treasury Board to:

- act on matters relating to personnel management in the public service and of a public body;
- determine the conduct of collective bargaining negotiations within the public service and for a public body;

- determine the personnel requirements and provide for the allocation and effective utilization of personnel within the public service and of a public body;
- provide for the classification of positions within the public service and of a public body; determine the pay to which persons employed in the public service or with a public body are entitled for services rendered, the hours of work and leave of those persons and related matters;
- consider the proposals for pensions or gratuities, other than those which are specifically provided for; and
- provide for those other matters, including terms and conditions of employment not otherwise specifically provided for in . . . subsection (7)(2) . . . that the board considers necessary for effective personnel management within the public service and of a public body.

Treasury Board also has the authority, as provided by the Financial Administration Act, to direct any person receiving, managing or disbursing public money (i.e., all money received, held or collected for or on behalf of the province by the Minister or other public officer in his or her official capacity or a person authorized to receive, hold or collect the money) to keep those books, records, or accounts it considers necessary.

Freedom of Information Act

The *Freedom of Information Act* sets out procedures with respect to requests by the public for access to information in records in the possession or under the control of government departments and public bodies scheduled in the Act or prescribed in regulations to the Act, and to the collection and disclosure of personal information by those authorities. The Act stipulates that Canadian citizens and incorporated bodies carrying on business in the province, have a right to access information under the control of government departments, and designated public bodies, subject to specific and limited exceptions necessary for the operation of the departments and public bodies and for the protection of personal privacy. Procedures for review and appeal are also addressed.

Proceedings Against the Crown Act

The *Proceedings Against the Crown Act* applies to legal proceedings against the Crown (i.e., Her Majesty the Queen in right of Newfoundland and Labrador) and, among other things, sets out the rights of persons, companies, etc., to sue the Crown for torts committed by its officers. The Act makes it clear that a cause of action that is enforceable against a corporation or other agency owned or controlled by the Crown cannot be brought to bear against the Crown. All claims and legal actions initiated against boards, agencies, and Crown corporations are registered against specific entities and not the Crown.

Auditor General Act

The *Auditor General Act* provides for the appointment of an Auditor General and the establishment of a department of the public service of the province called the Office of the Auditor General. The Act sets out powers and duties of the Auditor General, and designates the person as the auditor of the financial statements and accounts of the province. The Auditor General is an officer of the House of Assembly, appointed by the Lieutenant-Governor in Council, subject to confirmation by resolution in the House. The Auditor General is independent from the Executive Branch of Government and helps the House of Assembly hold the Executive Branch accountable for the management of public resources.

The authority of the Auditor General's Office extends to agencies of the Crown in instances where an auditor has not been appointed and/or where information, documents or explanations provided by an agency or a Crown corporation are insufficient to permit the Auditor General to exercise his or her powers or duties under the Act. The Act requires departments and public bodies of government to provide necessary office accommodations and facilities for employees from the Auditor General's staff when conducting audits of respective public entities. The Office of the Auditor General reports the results of its examinations to the House of Assembly on an annual basis, but more frequently if necessary.

Public Tender Act

The *Public Tender Act* provides guidelines in the form of legislation that govern government procurement of goods and services, where the estimated cost is not more than $10,000, and in the case of public works, $20,000, exclusive of GST. The legislation applies to all government departments and government funded bodies as defined in the Act. Tender awards must be made to the bidder submitting the lowest qualified bid.

Professional and other specified services fall outside the Act. Normal tendering procedures may be suspended in the event of urgent and sole source requirements, goods procured for resale, procurement from other government bodies, and procurement governed by rates established under the Public Utilities Act.

Human Rights Code

The *Human Rights Code* and the federal Charter of Rights and Freedoms (which is part of the Canadian Constitution) are general laws with respect to protecting the privileges of citizenship. The code prohibits discrimination in relation to certain defined "heads of discrimination" in employment and accommodation. The charter guarantees the enumerated rights to Canadian residents.

Conflict of Interest Act

Under the *Conflict of Interest Act* public office holders shall not make or participate in making a decision in their official capacities where they know, or ought to know, that the decision may be of benefit to them or a member of their family. The Act references personal benefit and the "furthering of private interests" which may be derived from the awarding of government contracts, the acceptance of fees and gifts, the influencing of decisions made by others, and from using insider information. Public office holders are also prohibited from releasing confidential documents or revealing information, directly or indirectly, deemed confidential.

A decision is not considered to further a private interest where it, (a) is of general public application, (b) affects the public office holder or his/her family as one of a broad class of the public, (c) concerns the remuneration or benefits of a public office holder provided by or under an act.

A public office holder is defined as any person who receives a salary or other remuneration, in whole or in part, from money voted by the Legislature for that purpose. This definition includes all persons employed by an agent of the Crown. Family refers to a public office holder's spouse, minor child dependent on either the public office holder or spouse, a relative living with and primarily dependent on the public office holder or spouse for financial support.

Public Service Collective Bargaining Act

The *Public Service Collective Bargaining Act* charges the President of Treasury Board with the responsibility for and conduct of public sector collective bargaining. Most public bodies are covered under the Act, the latest being School and Health and Community Service boards, which were added to the schedule in 1998, by order of the Lieutenant Governor-in Council. Among other things, the Act establishes the right of an employee to be a member of an employee organization and for such an organization to be certified to act as the bargaining agent to represent workers. The Act also sets out conditions pertaining to the designation and duties of essential employees, conciliation, mediation, arbitration, strikes and lock-outs, grievances, and successor rights.

Occupational Health and Safety Act

The *Occupational Health and Safety Act* outlines the general duty of employers to ensure, where it is reasonably practicable, the health, safety and welfare of employees. Under the Act, employers are expected to provide and maintain a workplace and necessary equipment, systems and tools, that are safe and without risk to the health of workers. Employers must also provide information, instruction, training, supervision, and facilities necessary to ensure these needs are met. Workers are given the right to refuse work, when reasonable grounds exist to believe their health and safety are threatened. The Act also gives workers the right to know about the hazards

of chemicals and/or products used in their workplace and to participate in joint occupational health and safety committees. The Act establishes a provincial advisory council and the Occupational Health and Safety Division of the Department of Environment and Labour. As well the Act permits the hiring of a Chief Medical Officer, and Health and Safety Officers who have powers to investigate, stop work, and order remedial action.

GLOSSARY OF TERMS

Accountability	The ownership of conferred responsibilities, combined with the obligation to report to a higher authority on the discharge of these responsibilities and on the results obtained.
Act	A Bill that has been considered by the House of Assembly, passed and assented to. May also be referred to as a law or statute.
Activities	The actions that transform the available inputs or resources into outputs.
Authority	Freedom to make decisions and take actions, within limits that are clearly defined when this freedom is delegated.
Autonomy	The ability to be self governing within a larger framework of government.
Cabinet	The decision-making body of Government, which is comprised of the Premier and all Ministers of the Crown. Also known as Executive Council.
Challenges	Those events, activities, processes, strategies, policies and leadership qualities that the organization must first overcome if it is to achieve its intended goals and objectives.
Crown	An institution which represents the democratic power of the people, which is greater than the power of the government and the political parties. The Crown gives political parties power temporarily and in trust to use on behalf of the people. The Crown is personified by Her Majesty Queen Elizabeth II in right of Newfoundland and Labrador and in her absence, the Lieutenant Governor of the province.
Department	Principal delivery arm of government over which Ministers have direct control and through which government manages its programs and delivers its services.
Effectiveness	The extent to which a program or service is meeting its stated objective and an aspect of performance that describes how well the organization's activities are contributing to achieving the goal.
Efficiency	An aspect of performance that describes the relationship between inputs and outputs or outcomes or the relationship of the inputs to outputs.
Evaluation	A systematic application of social science research procedures (i.e., evaluation research) to assess the results of programs and/or services.
Goal	A general statement of desired results to be achieved over an unspecified period of time.
Governance	The exercise of authority, direction and control.
Governing Body	The group of elected or appointed officials who exercise oversight and provide general direction for an organization.
Inputs	Resources (financial, human, physical, information, technology, etc.) available to an organization to undertake its activities.
Lieutenant-Governor in Council	As per the Interpretation Act (1995) "the Lieutenant Governor acting by and with the advice of, or by and with the advice and consent of, or in conjunction with, the Executive Council."
Management	The act, art or manner of controlling or conducting affairs and the skilful use of means to accomplish a defined purpose.

Mandate	Instruction given by an authorizing body which sets out the general parameters of a task to be undertaken.
Measures	Attributes which are evaluated in order to determine progress toward achieving expected goals or objectives. Outcome Measures: Performance indicators that provide quantifiable information to indicate the extent to which intended and unintended results are achieved. Output Measures: Measures that tell how much is accomplished as a result of the inputs invested in a program or service.
Mission	A brief, clear statement of the organization's overall purpose which outlines what programs and services will be provided to whom, and how and why they are to be provided. Mission statements provide anchor points for developing and assessing goals, objectives and strategies.
Objective	A specific target or milestone set to promote achievement of a particular goal by a specific future date. Objectives answer both "what" and "when," quantitatively.
Opportunities	Trends in the external environment which could help the organization to achieve desired changes.
Outcome	An external result which informs decisions regarding future objectives.
Output	What is produced as a direct result of transforming resources through an activity or process.
Performance Measurement	A systematic process which enables an organization to track, manage and report progress on its strategic goals and objectives. Performance measurement focuses on the desired quantitative and qualitative outcomes required for an organization to achieve its mission and goals and is a means of determining an organization's planned versus achieved results.
Performance Report	A summary of an organization's operations which provides a clear linkage between the strategic plan and the results actually obtained. Results are reported using the performance measures that are specified in the strategic plan.
Planning	The process of prioritizing goals and objectives and choosing the most suitable means of achieving them prior to taking action.
Process	A series of activities that are intended to create a desired output.
Program	A grouping of activities with a common purpose, common clients and/or common outcomes.
Public Body	A board, corporation, commission or similar body, established by order of the Lieutenant-Governor in Council, under an Act of the Legislature, or Minute of Council.
Public Interest	The concept defining when, and under what circumstances, government will be involved in the delivery of a good or service and regulate for the protection and safety of its residents.
Risk Management	The set of activities which an organization undertakes in order to minimize exposures it faces in its business activities.
Service	The set of duties or functions performed, and the manner in which they are to be conducted, to address a need of, or deliver a program to, targeted recipients, groups and/or their environment.

Stakeholders

All those persons within or external to the organization who, rightly or wrongly, believe that they (1) have a claim to the organization's attention, resources and/or inputs; or (2) are affected by the organization's outputs and/or outcomes. This includes any groups who feel they can influence or be affected, either now or in the future, by the organization's programs, services or any of its activities.

Strategic Planning

A systematic process designed to help analyze fundamental issues and policy choices, define strategies, prioritize goals and objectives, and ensure that these goals and objectives are translated into concrete actions at the operational level. Departmental and board planning enables Government to shape strategic direction. It also forms the basis for government's fiscal framework and shapes major human resource decisions.

Departmental/Board planning leads to two outputs:

a. **Strategic Plan**: A high-level corporate document that outlines vision, mission, goals, objectives and key priorities for the medium to long-term, and sets out strategies for achieving goals and objectives.

b. **Operational Plan**: The translation of goals and objectives into a clear operating framework for a one-year period (i.e., short-term objectives, task analysis, delegation of responsibilities, and cross-division integration). As each branch/division and board/department works its operational plan into reality, the government progresses toward its strategic goals and objectives.

Strategy

What the organization is going to do to achieve an objective. Strategies may be thought of as "bundles of actions" which bring the strategic plan to life by describing how the organization will make things happen.

Value

A principle that guides behaviour and decision making. A conviction which compels action, is prized and is publicly affirmed. All organizational decisions are based on values. An organization's values shape its strategic plan and guide managers and staff in making day to day decisions on implementing the plan.

Vision

A short statement describing the ideal state an organization is striving to achieve for its clients.

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